

Value for Money Strategy 2008 - 2011

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1. Introduction

This Strategy reviews the Value for Money (VFM) initiatives undertaken at Signpost Housing Association (SHA) and Signpost Care Partnerships (SCP) to date and aims to link them together to ensure a co-ordinated approach is taken to achieve future objectives and improvements.

The Strategy covers a three-year period and will be reviewed annually.

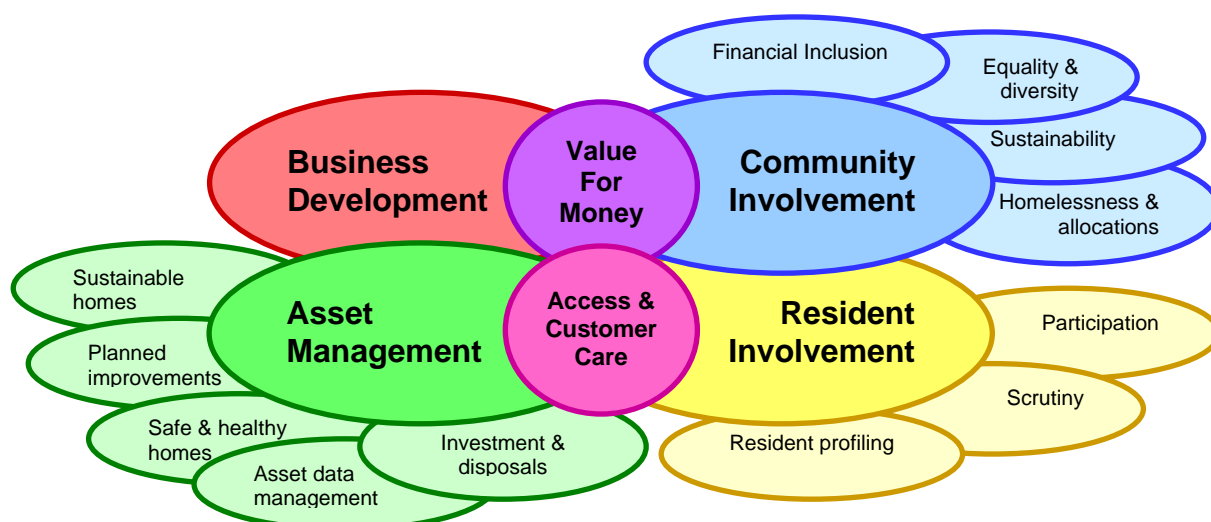
1.1 Group Mission Statement

To be recognised and respected for providing quality homes and services. Empowering people, supporting active communities and building better futures.

1.2 Related Strategies

SHA and SCP have six interconnected operational strategies that deliver against each part of the Group's mission:

- Business Development Strategy - Providing quality homes (developing)
- Asset Management Strategy - Providing quality homes (maintaining)
- Value For Money Strategy - Providing quality services (cost effective)
- Access and Customer Care Strategy - Providing quality services (accessibility and care)
- Resident Involvement Strategy - Empowering people
- Community Involvement Strategy - Supporting active communities and building better futures



Progress against these strategies is reviewed regularly and annual action

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plans are developed to address any remedial or improvement actions required, in accordance with the Group's Continuous Improvement Policy.

1.3 Purpose of the Strategy

The purpose of this Strategy is to improve performance and service delivery, reduce costs where appropriate and strive to seek efficiency gains.

The Group seeks to adopt good practice and incorporate VFM principles in all its activities and to embed this approach throughout the organisation's culture.

1.4 Scope of the Strategy

This Strategy applies to Signpost Housing Association and Signpost Care Partnerships, hereafter referred to as 'the Associations'.

1.5 Aims of the Strategy

The Associations are committed to the principles of VFM and believe that driving efficiencies while improving quality is the best way to deliver a better, more cost effective and more responsive service:

- To provide good quality, high performance and appropriate services at the right cost;
- To reinvest efficiency gains for the benefit of residents and customers;
- To ensure the organisation's priorities are reflected in objectives which meet the principles of best value and have been influenced by residents;
- To promote a culture of continuous improvement in our staff in all areas of service delivery for the benefit of customers;
- To benchmark against other service providers;
- To undertake reviews of service provision and develop action plans that will lead to improved performance and efficiency;
- To optimise income and maximise efficiencies in order to be cost effective;
- To train and develop staff so that the achievement of VFM is seen as an integral part of their work.

2. VFM and Regulation

Obtaining VFM has been a priority of central Government for some years. Key drivers include:

- **Best Value** – introduced in 1999, the Best Value regime aims to

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ensure the delivery of quality services, not lowest price tendering.

- **Byatt Review** – published in 2001, this set out a number of recommendations to align procurement and best value.
- **Gershon Review in 2004** – report commissioned by the government to drive the procurement and efficiency agenda.
- **The Operating Cost Index (OCI)** – developed by the Housing Corporation (now the Tenant Services Authority) to sit alongside its other performance indicators.
- **Annual Efficiency Statement (AES)** – it is a regulatory requirement for associations to submit this as part of their annual Self Assessment Compliance Statement (SACS). This requires associations to self-assess efficiency gains secured in the previous year and to forecast against in the year to come.
- **Annual Housing Corporation Assessment (HCA)** - consideration of VFM is picked up in this assessment which pulls together a range of information from regulator returns and Audit Commission inspections. Associations striving for a full set of green traffic lights need to take VFM seriously.
- **VFM Key Lines of Enquiry (KLOE)** - produced by the Audit Commission to direct the inspection process against which the performance of housing organisations is being measured. VFM is one element of the KLOE covering the quality of delivery for each activity. In addition, there is a cross-cutting KLOE (32) specifically considering VFM that also contributes to the assessment of Prospects for Improvement. Achieving and demonstrating VFM has become a critical factor in achieving a favourable inspection result.

3. Benchmarking

Benchmarking helps to provide the organisation with the information it needs to understand its cost structures, to ensure that there is an understanding of the related costs for each activity, as well as the quality measurement that accompanies these. It also assists in identifying areas of high cost that deviate significantly from other providers, which can then be challenged and reviewed.

SHA have recruited a Performance Monitoring Officer who has been tasked with generating the required cost and performance data. A procedure is being developed to validate the data and information gathered. The procedure will be reviewed and updated annually.

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Key benchmarking tools to be used are:

- Housemark annual return to benchmark the cost and performance of housing services in areas such as rent arrears, tenancy and estate management, responsive repairs and lettings;
- Regulatory performance indicators for financial, housing management and repairs and maintenance;
- Regulatory global indicators such as the Operating Cost Index and global accounts;
- Quality Housing Services (QHS) standard for housing management, maintenance, involvement and diversity.

The key benchmarking groups will be:

- Other members of QHS nationally, as the standard is independent of type of organisation;
- Other members of Housemark in the South East and South West;
- Other members of the Spectrum Housing Group;
- Other traditional associations in the South East and South West for Housing Corporation.

In addition, the Associations will work with other peer group partners in benchmarking for the purposes of Best Value and Service Reviews or specific projects. This may include analysis of comparable data, site visits and joint projects.

4. The 3Es

There are three components of VFM:

- Economy relates to keeping down the cost of inputs, i.e. reducing costs.
- Efficiency relates to the transformation of inputs to outputs during a production process, i.e. how much you put in, in relation to what you get out. Outputs may be expressed in terms of performance and quality.
- Effectiveness relates to achieving desired outcomes. Outcomes are what matter to the customer and should map across the association's high-level objectives.

Bringing these three components together effectively should result in the Associations producing a range of quantitative and qualitative outputs across a range of services which collectively deliver the desired outcomes for the

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best possible cost.

Judging whether a service is delivering VFM is about reaching considered opinion based on a range of information, such as performance and benchmarking data, customer feedback on services, and self-assessment against the Audit Commission's VFM Key Line of Enquiry (KLOE).

5. Economy

The Associations aim to further integrate VFM into their respective business planning frameworks.

5.1 Planning

The annual process for developing business plans, establishing objectives and setting budgets presents opportunities for all staff, residents and board members to review and comment on the inputs and outputs of the Associations.

Annual seminars will continue to provide the opportunity for residents and board members to review and interrogate opportunities for potential savings and further investment.

5.2 Stakeholders

The Associations will continue to work closely with key stakeholders such as Local Authorities, other RSLs, Supporting People Administering Authorities, voluntary agencies and funders in identifying and meeting local and national priorities in time to feed these into the objectives setting process each year.

Annual stakeholder conferences in Plymouth, Exeter and Blandford will continue, and the opportunity for further stakeholder consultation through public relation activities will remain a priority.

5.3 Board

The Associations plan to provide their Board members with additional information on costs and quality of services through revised performance information reports.

A report will be presented to each Board annually comparing the costs of the services provided by the Associations with other similar organisations.

The outcomes from service reviews where VFM issues have been identified, will also be highlighted to the Boards.

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5.4 Partnering and Procurement

Group Standing Orders and Financial Regulations, issued in June 2008, provide a framework and guidance for staff on the issuing and authorisation of supplies and services.

The provision of repairs and maintenance services play an important role including supply chain procurement i.e. the provision of supplies and services from sub contractors.

As part of the validation of services provided by Signpost Services Ltd, a review was undertaken in 2008. As a result the management process for tendering the supply of these services and materials is being reviewed.

5.5 Repairs and Maintenance Focus

In September 2008, the Associations, and Signpost Services Ltd, signed up to a new benchmarking assessment toolkit, created by Housemark.

The toolkit aims to distinguish between head office client, contractor client and service delivery costs, looking in detail at the real costs and performance of the service, as opposed to the traditional approach of benchmarking a 'basket of repairs'.

Information on the cost and performance of the repairs service has been passed through the toolkit and outcomes have already been considered by the Asset Manager. Information in the toolkit will be updated annually.

Actions will be reviewed each year to address feedback from this exercise and work to improve and challenge the balance between the cost and quality of the repairs and maintenance service will be ongoing.

5.6 Measures of Success

- Develop a greater and more detailed understanding of the Associations' costs through effective benchmarking
- Achieve year on year cost savings by undertaking service reviews of key operational areas

5.7 Strategic Goals

- Improve quartile performance against TSA's Operating Cost Index by 2010 and be in the 2nd quartile or above by 2011
- Eliminate subsidisation of Independent Living support service by £134,000 by March 2011

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- Achieve savings through the assignment or transfer of SCP's Supporting People contracts
- Maximise income through implementation of the service charge action plan
- Undertake more Group procurement

6. Efficiency

Whilst the key focus of VFM is providing good quality homes and services to residents, there is a cost to this which residents pay for through their rents and service charges. The Associations will strive to keep costs down without reducing performance or quality in order that residents can see VFM in the services they receive for the rent and service charges they pay.

6.1 Performance

Performance, both financially and against Key Performance Indicators (KPIs) is monitored throughout Signpost. Managers review performance monthly. The Executive Team and Board also review performance information on a quarterly basis.

In consultation with residents and staff, the Associations will identify areas where efficiency gains can be achieved without a detrimental effect on the quality of the service. Priorities for the re-investment of efficiency gains will also be determined with residents.

6.2 Quality

In 2008 the Associations joined Quality Housing Services (QHS). QHS offers an important service as it is independent and the assessment of performance includes a variety of methods such as resident surveys, mystery shopper activities and office audits. National quality targets have been established to help the Associations measure actual quality. These standards and targets have been developed in conjunction with residents, other RSLs and key stakeholders. QHS targets are constantly reviewed and updated to drive continuous improvement in service delivery through performance against these standards.

6.3 Measures of Success

- Develop a greater understanding of service performance through benchmarking
- Achieve efficiency savings in line with Business Plan targets

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6.4 Strategic Goals

- Improve current quartile position against TSA's KPI targets in all areas of operation and work towards being in 2nd quartile or above by 2010.
- Retain QHS accreditation and work towards enhanced certification by 2011.
- Undertake stock consolidation between SHA and WCHA
- Undertake stock disposals in outlying areas of operation
- Implement new IT systems for housing management and financial accounting
- Undertake review of assets such as leasehold stock
- Achieve further rationalisation of structures by 2011

7. Effectiveness

A key aim of this Strategy is to co-ordinate the Associations approach to VFM in a more structured way but also to outline how the Associations will measure effectiveness in achieving and delivering VFM services. This is valuable for residents, staff and Board members but also essential in order that the Associations meet requirements set out by external auditors and regulators.

7.1 VFM Log

The Associations have developed a VFM log which is used to record all activities which have resulted in cashable and non-cashable cost or efficiency saving. The outcome and impact of the actions is also recorded and this will prove to be an effective tool for recording, measuring and demonstrating VFM. All operational staff will be required to populate the log with details of activities, including procurement, that they have undertaken which have an impact on VFM. The log will be monitored monthly by the Performance Monitoring Officer and will form part of the annual group-wide VFM impact assessment.

7.2 Resident Consultation

The Associations will continue to consult with residents through annual seminars, conferences and stakeholder events. Consultation will be in the following ways:

- Through Resident Panels which meet periodically and have a role in examining performance and considering changes to service delivery;
- At the annual Residents Conference which all 'active' residents are invited to attend;
- Through special interest groups, for example Focus Groups;
- At quarterly Service Action Team meetings;

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- In discussion with Resident Board Members.

7.3 Resident Satisfaction

The Associations will continue to collect information on satisfaction with service delivery from its residents in the following ways:

Through Quality Housing Services (QHS) which undertakes independent satisfaction surveys with residents and mystery shopper activities as part of its assessment of the Associations' performance against set standards.

Through internal satisfaction surveys. These are surveys conducted by the Associations, including:

- New Resident Surveys (which will include specific VFM questions);
- Specific surveys of service areas e.g. ASB, Complaints, repairs, etc ;
- Through the STATUS survey which is undertaken every 3 years by an independent provider. This also includes specific questions on VFM.

7.4 Measures of Success

- Improved evidence and reporting of actions, outcomes and impacts as recorded on the VFM log
- Greater understanding of trends in customer satisfaction
- Reduction in the number of complaints received which reach Level 3

7.5 Strategic Goals

- Improved levels of customer satisfaction across all service areas by achieving improved overall STATUS result in 2011
- Encourage initiatives from customers and staff which will deliver cost savings or added value

8. Reviewing the Strategy

8.1 Annual Review

Each year VFM activity will be reviewed and progress against the strategic objectives assessed. The review will include staff, customers and members as well as feedback from other stakeholders.

This will be reported to Board and Resident Forums through a VFM Audit which will:

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- Assess the impact of the activity and actions taken;
- Identify progress against the key objectives;
- Identify key areas for action the following year in the form of a one-year action plan;
- Identify any necessary revisions to the Strategy.

8.2 Quarterly Review

Each quarter a report on progress against the VFM Action Plan will be taken to Board.

8.3 VFM Action Plan

The Associations will produce an annual VFM Action Plan which will detail all VFM objectives over the following 12 – 24 months.

The VFM Action Plan will cover the following areas:

- Economy and Benchmarking;
- Efficiency and Quality ;
- Effectiveness;
- Monitoring and Impact.

8.4 Embedding VFM

The Associations recognise the need to embed a VFM culture in the coming years and recognises that this must be part of the everyday processes and procedures that staff use in order to be effective.

As part of embedding VFM, the Associations will require all operations staff to input all efficiency and quality gains that they have achieved through initiatives that they have implemented onto the VFM log. This will enable staff to see the impact they have made in cost and efficiency terms, as well as the outcome of their actions for residents and customers.

Staff will continue to be actively involved in Best Value and service reviews in order that they have a direct influence on policy and procedures. This ensures that staff have ownership of performance targets and the quality and/or efficiency benefits through recommended changes to policies, procedures or practices.

Best Value and service reviews help to achieve VFM at a strategic level but the Associations are keen to reward staff who can suggest efficiency and/or cost savings at an operational level and, therefore, a Staff Suggestion scheme and an Annual Staff Awards event have been developed to facilitate this.

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VFM will become a recurring agenda item at operational and strategic team meetings, encouraging regular and frequent operational consideration.

The Associations will provide all staff with VFM training in order that they are equipped with the knowledge of the principles of VFM and understand the role they play in achieving and delivering VFM services.

Some staff and Board members have already received VFM training and further awareness training will be undertaken with these groups in the future.

9. Related Documents

1. Group Equality, Diversity and Inclusion Policy
2. Group Standing Orders and Financial Regulations
3. Asset Management Strategy
4. Customer Care Charter

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